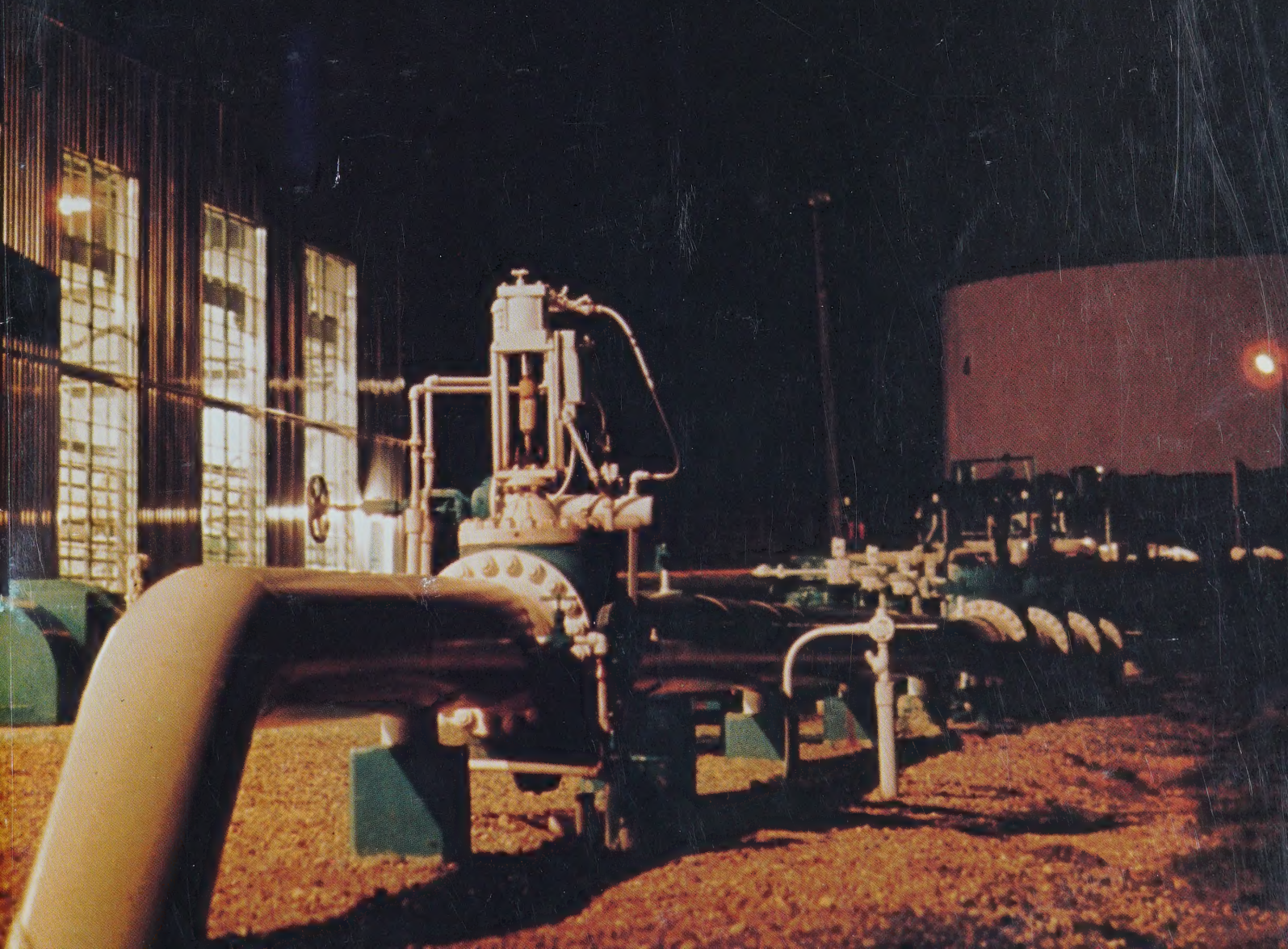




TWENTIETH ANNUAL REPORT • 1974





## Corporate Information

### HEAD OFFICE

300 - 9 Avenue S.W.  
Calgary, Alberta  
T2P 1K4

### FIELD OFFICES

Post Office Box 330  
Drayton Valley, Alberta  
T0E 0M0

Post Office Box 579  
Redcliff, Alberta  
T0J 2P0

### TRANSFER AGENT AND REGISTRAR

Montreal Trust Company  
Calgary, Alberta

### BANKERS

The Royal Bank of Canada  
Calgary, Alberta

### SOLICITORS

Jones, Black, Gain, Stratton  
& Laycraft  
Calgary, Alberta

### AUDITORS

Peat, Marwick, Mitchell & Co.  
Calgary, Alberta

## Directors

E. W. COSTELLO  
Calgary, Alberta

A. R. CUMMINGS  
Calgary, Alberta

T. H. FRANCE  
Calgary, Alberta

L. B. GORDON  
Calgary, Alberta

F. P. MANNIX  
Calgary, Alberta

J. A. McDONALD  
Calgary, Alberta

B. L. MONTGOMERY  
Calgary, Alberta

A. D. NESBITT  
Montreal, Quebec

## Officers and Key Personnel

E. W. COSTELLO  
Chairman of the Board

T. H. FRANCE  
President

G. E. THOMPSON  
General Manager

T. PARKS  
Manager, Oil & Gas Division

L. E. GANO  
Superintendent, Pipe Line Division

G. E. BROWN  
Manager, Special Projects

R. POOLE  
Controller & Ass't. Treasurer

J. T. WOOD  
Treasurer

J. A. BRADFORD  
Secretary

## FINANCIAL AND OPERATING HIGHLIGHTS

	Twelve Month Period ending December 31	
	1974	1973
<b>FINANCIAL</b>		
Gross Revenue . . . . .	\$14,853,904	\$14,687,067
Net Funds from		
Operations . . . . .	3,727,906	5,794,917
Per Share . . . . .	42¢	66¢
Net Income . . . . .	1,831,323	1,158,579
Per Share . . . . .	19¢	11¢
Capital Expenditures . . . . .	2,259,998	7,435,519
<b>PIPE LINE OPERATION</b>		
Deliveries — barrels		
Per day . . . . .	133,597	148,255
<b>PRODUCTION</b>		
Crude Oil and Gas		
Liquids — barrels . . . . .	1,016,429	1,197,980
Natural Gas Sales — thousand cubic feet . . . . .	8,007,782	8,811,932
<b>LAND</b>		
Gross — acres . . . . .	4,801,691	4,824,418
Net — acres . . . . .	1,309,151	1,362,709
<b>WELLS DRILLED</b>		
Gross . . . . .	38	53
Net . . . . .	19.17	8.02

## MEMORIALS

Our company suffered losses in 1974 with the death of two men who contributed greatly to the founding and successful development of Pembina Pipe Line Ltd. Companies are created and developed only through great effort in all those areas required to culminate in a successful operation. This tribute is directed to two men who served their company in widely divergent activities.

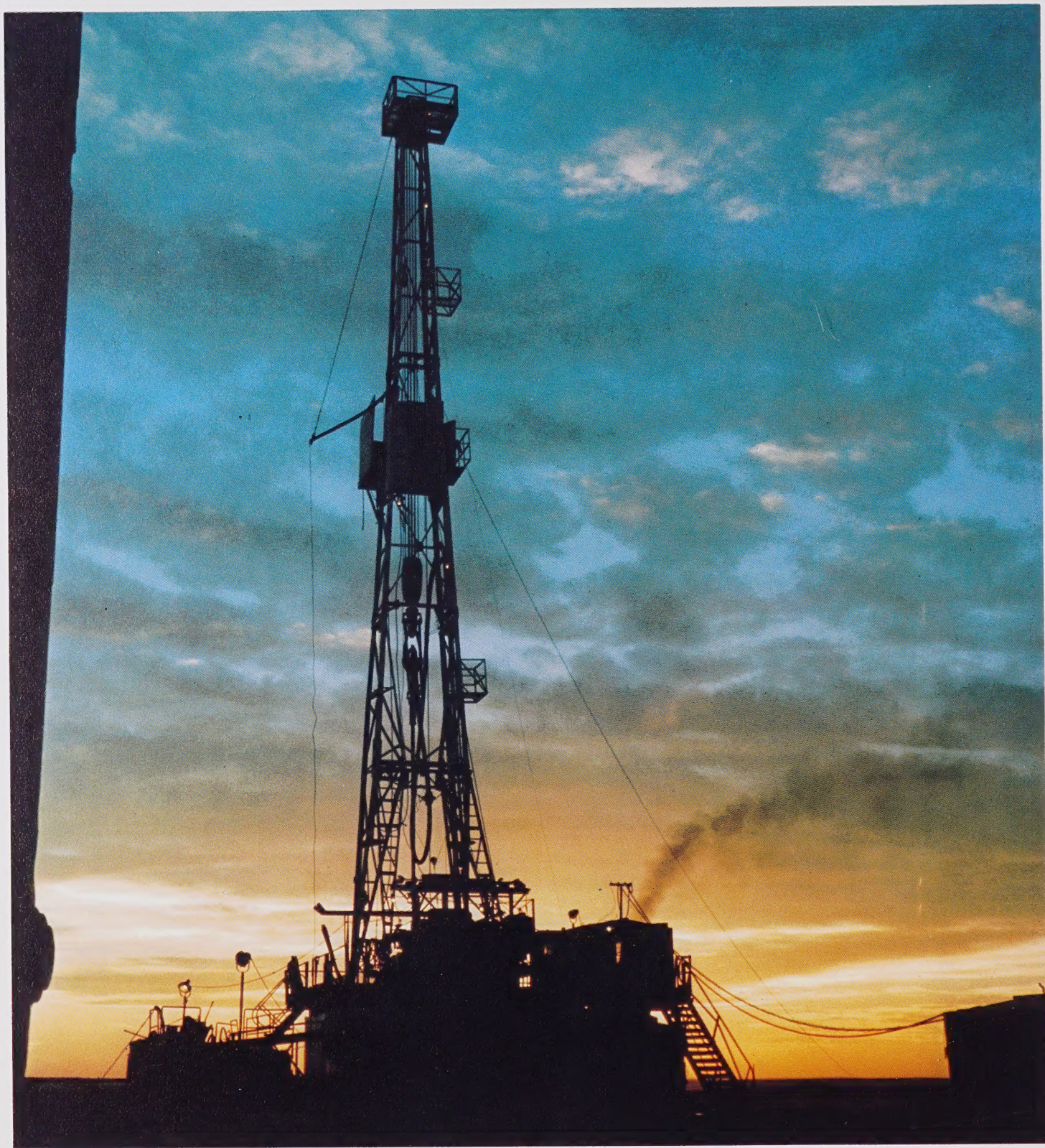
## W. G. Gray

W. G. (Wally) Gray joined Pembina Pipe Line Ltd. as Controller and Assistant Secretary in 1966. In subsequent years Mr. Gray served as President and was appointed to Pembina's Board of Directors on November 1, 1971. Mr. Gray's unique ability in all areas of policy and executive administration contributed much to the growth and expansion of Pembina Pipe Line Ltd. He was serving as Director of Pembina until his death on November 23, 1974.

## W. F. White

We regret to note the passing of W. F. (Slim) White, a man who has been a major part of the growth of Pembina Pipe Line Ltd. "Slim" joined Pembina as Chief Gauger in 1954 when the Company began operation of the initial gathering system, pump station and main pipe line. At the time of his death on January 23, 1974, Mr. White was in charge of the Company's Pipeline Division.







## REPORT OF THE DIRECTORS

### TO THE SHAREHOLDERS

We submit herewith the Twentieth Annual Report of Pembina Pipe Line Ltd. for the year ended December 31, 1974.

Gross revenue for the period under review was \$14,853,904, an increase of \$166,837 over 1973. Net funds from operations totalled \$3,727,906 which represents a significant decrease from the 1973 level. The primary reason for the decrease in cash flow is an increase in current income tax of \$3,711,879. Net income increased by fifty-eight percent to \$1,831,323 from \$1,158,579 for 1973.

Reduced exploration expenditures contributed significantly to the increase.

Pipe line throughputs continued to decline with the 1974 average of 133,597 barrels per day being almost ten percent less than the previous year's level. This decline and increased operating expenses caused the Company to increase most of its pipe line tariffs effective January 1, 1975.

Oil and natural gas production was down slightly from 1973 levels. Oil production decreased to 2,785 gross barrels per day from 3,282 in 1973 and natural gas decreased to 21.94 million cubic feet per day from 24.14 million cubic feet in 1973. The Company has adopted the policy of reporting oil and gas production in terms of gross volumes before reductions for provincial royalties. This was deemed necessary in order to allow for consistent comparison of production rates in view of the frequent changes in the rates of royalties and the various forms of taxation adopted by the Provincial Governments.

In October, 1974, your Company withdrew from further participation in Canadian Arctic Gas Study Limited. Having realized our objectives, it was felt that continued participation would not further benefit the Company.

The Company redeemed all of its Series "A" Second Preferred shares effective January 1, 1975. It is the intention of the Company to cancel the capital redemption reserve fund created by the redemption of Preferred Shares and treat this amount as undistributed earnings of the Company.

Pembina recently purchased all of the oil and gas assets of Cabot Carbon of Canada Ltd. and Cabot

Petroleum Limited for an amount approximating \$3,000,000. The assets consist of producing oil and gas properties and wildcat acreage located in Alberta and British Columbia.

Pembina's exploration and development programs were curtailed in 1974 due to the Federal-Provincial controversy which resulted in legislation within which we did not feel economic operations were possible. The legislation and regulations adopted by the Federal and Provincial governments had a direct bearing on our level of oil and gas production. Exploitation of previous exploration successes were restricted and drilling in producing areas was halted.

The limited exploration program maintained by your Company resulted in gas discoveries in the Thetlaandoa and Dawson Creek areas of British Columbia. In Alberta, oil and gas discoveries in the Majorville area have resulted in our acquiring additional acreage in the area. Gas discoveries were at Lac La Biche, Saddle Lake, Westlock and Lomell.

Crude oil prices in western Canada increased substantially in 1974 but increased royalties and increased provincial and federal taxes appropriated the major portion of the increase. Due to government policies, industry's income arising out of oil production in the Provinces of Saskatchewan and British Columbia is less than it was prior to the increase in oil prices. Unless there is agreement amongst the governments involved and unless such agreements favourably consider the requirements of the oil and gas industry, our continued activity in some areas will be no longer economical and will be discontinued. This is particularly true with regard to the Province of Saskatchewan.

Your Directors wish to express their sincere and grateful appreciation to the employees for their efforts and loyalty during the past year. This dedicated support has a direct effect on the success of your Company.

ON BEHALF OF THE BOARD OF DIRECTORS



T. H. France  
President

Calgary, Alberta  
March 20, 1975.



## PIPE LINE OPERATIONS

During 1974 crude oil receipts averaged 133,597 barrels per day. This is a decline of 9.9% from the 148,255 barrels per day received in 1973. These reduced throughputs result directly from the age of the larger fields served and the reduced effectiveness of secondary recovery schemes in these same fields.

New facilities added in 1974 included connections to five new crude oil receiving points for a total of four miles of three inch pipe line.

A comparison of crude oil receipts for fields served is as follows:

FIELD (Barrels)	1974	1973
Pembina . . . . .	42,162,000	47,515,000
Willesden Green . . . . .	3,657,000	3,770,000
Bigoray . . . . .	296,000	383,000
Cyn-Pem . . . . .	1,144,000	1,073,000
Edson . . . . .	228,000	268,000
Niton . . . . .	299,000	393,000
Brazeau (Condensate) . . . . .	733,000	466,000
Nordegg (Condensate) . . . . .	212,000	194,000
Peco . . . . .	32,000	51,000
	<u>48,763,000</u>	<u>54,113,000</u>

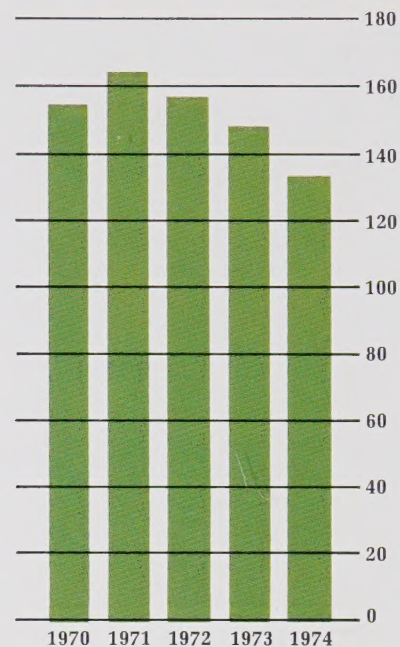
## OIL AND GAS OPERATIONS

### Production

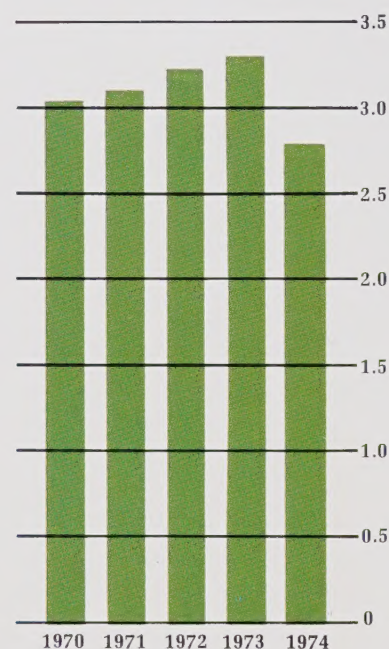
Oil (Barrels)	1974	1973
Alberta . . . . .	710,153	783,025
British Columbia . . . . .	98,054	119,803
Saskatchewan . . . . .	208,222	295,152
	<u>1,016,429</u>	<u>1,197,980</u>



### AVERAGE PIPE LINE DELIVERIES Thousands of Barrels/Day



### OIL PRODUCTION Thousands of Barrels/Day





Gas (Thousands of Cubic Feet)	1974	1973
Alberta . . . . .	7,700,589	8,472,119
British Columbia . . . . .	307,193	339,813
	<u>8,007,782</u>	<u>8,811,932</u>

Gross oil and natural gas production was down slightly from 1973 levels. Oil production averaged 2,785 barrels (2,162 net) a day compared to 3,282 barrels (2,688 net) for 1973; gas production was 22 million cubic feet (18.79 net) a day in 1974 while the 1973 level was 24 million cubic feet daily (21.39 net).

We are currently constructing facilities to increase our deliveries of gas to market in 1975. To a lesser degree we expect an increase in oil sales.

## DRILLING

Pembina participated in the drilling of twenty-one exploratory wells and seventeen development wells in 1974. Six of the exploratory wells were drilled on farmout lands at no cost to the Company.

The exploration program resulted in one oil well, ten gas wells and ten dry holes. We participated in a total of seventeen development wells which resulted in seven oil wells, seven gas wells and three dry holes.

### Summary of Wells Drilled in 1974

	Oil	Gas	Dry	Total
<b>Exploratory</b>				
Gross . . . . .	1	10	10	21
Net . . . . .	0.25	1.94	3.15	5.34
<b>Development</b>				
Gross . . . . .	7	7	3	17
Net . . . . .	1.69	1.68	0.46	3.83
<b>Totals</b>				
Gross . . . . .	8	17	13	38
Net . . . . .	1.94	3.62	3.61	9.17

## LAND

During 1974 gross acres were reduced by 22,727 to a total of 4,801,691; net acres were reduced by 53,558 to 1,309,151.

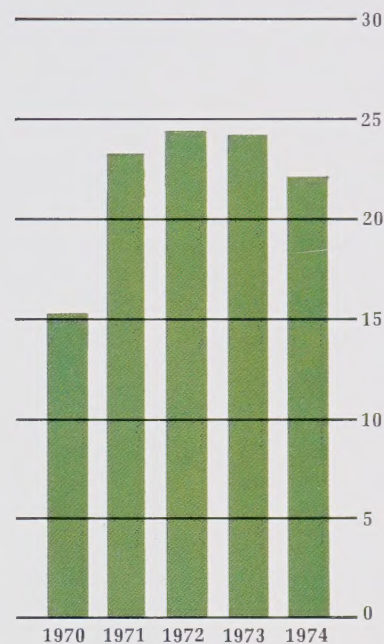
Acreage was acquired in British Columbia, Alberta and the Arctic Islands. Acquisitions in British Columbia and Alberta were through purchase and farmin, and in the Arctic Islands, through drilling participation. There was no change from 1973 in our acreage in the Yukon and Northwest Territories.

### Summary of Acreage

	1974		1973	
	Gross	Net	Gross	Net
Alberta . . . . .	1,170,774	393,952	1,213,843	400,254
Saskatchewan . . . . .	200,497	88,458	200,497	88,498
British Columbia . . . . .	961,233	368,241	993,182	365,192
N.W.T. & Yukon . . . . .	896,904	341,242	896,904	341,242
Arctic Islands . . . . .	1,572,283	117,258	1,519,992	167,523
	<u>4,801,691</u>	<u>1,309,151</u>	<u>4,824,418</u>	<u>1,362,709</u>

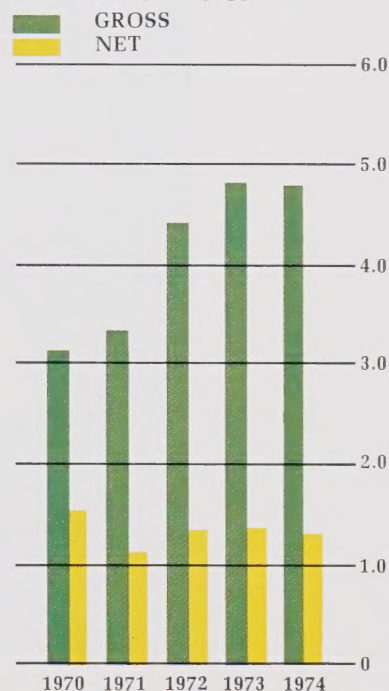
## GAS PRODUCTION

Millions of Cubic Feet/Day



## ACREAGE

Millions of Acres





## EXPLORATION

Our exploration programme was curtailed due to uncertainties introduced by the changes in proposed government tax legislation. The exploration programme in 1974 was concentrated in Alberta and British Columbia.

### British Columbia

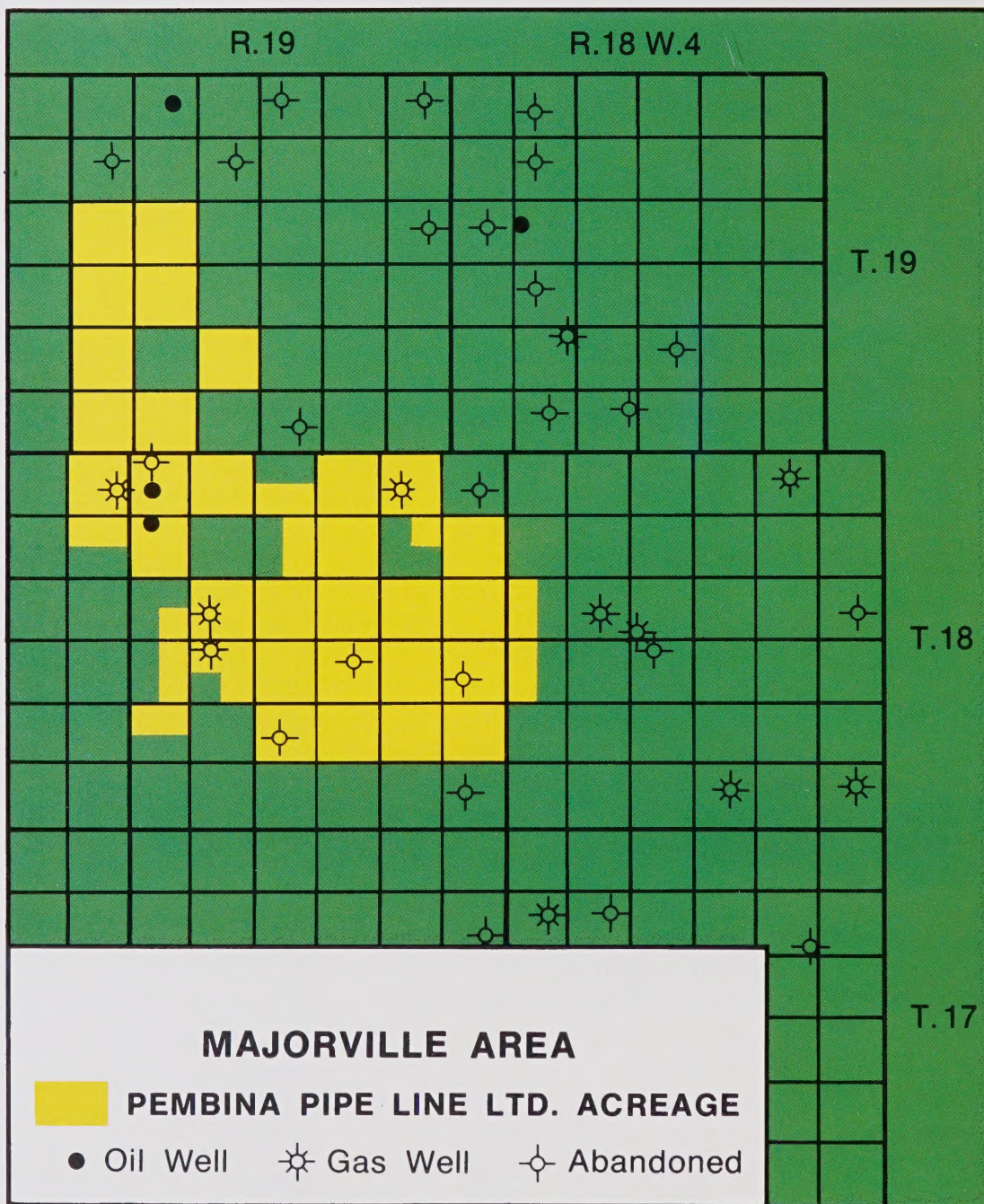
Two gas discoveries have been drilled at Thetlaandoa in the northeast corner of the Province. This region has been the site of several gas discoveries in the past year. We are currently evaluating this area and plan to drill additional wells in order to determine the potential of the area.

A gas discovery was drilled near Dawson Creek, B.C. and we have increased our acreage position in this area.

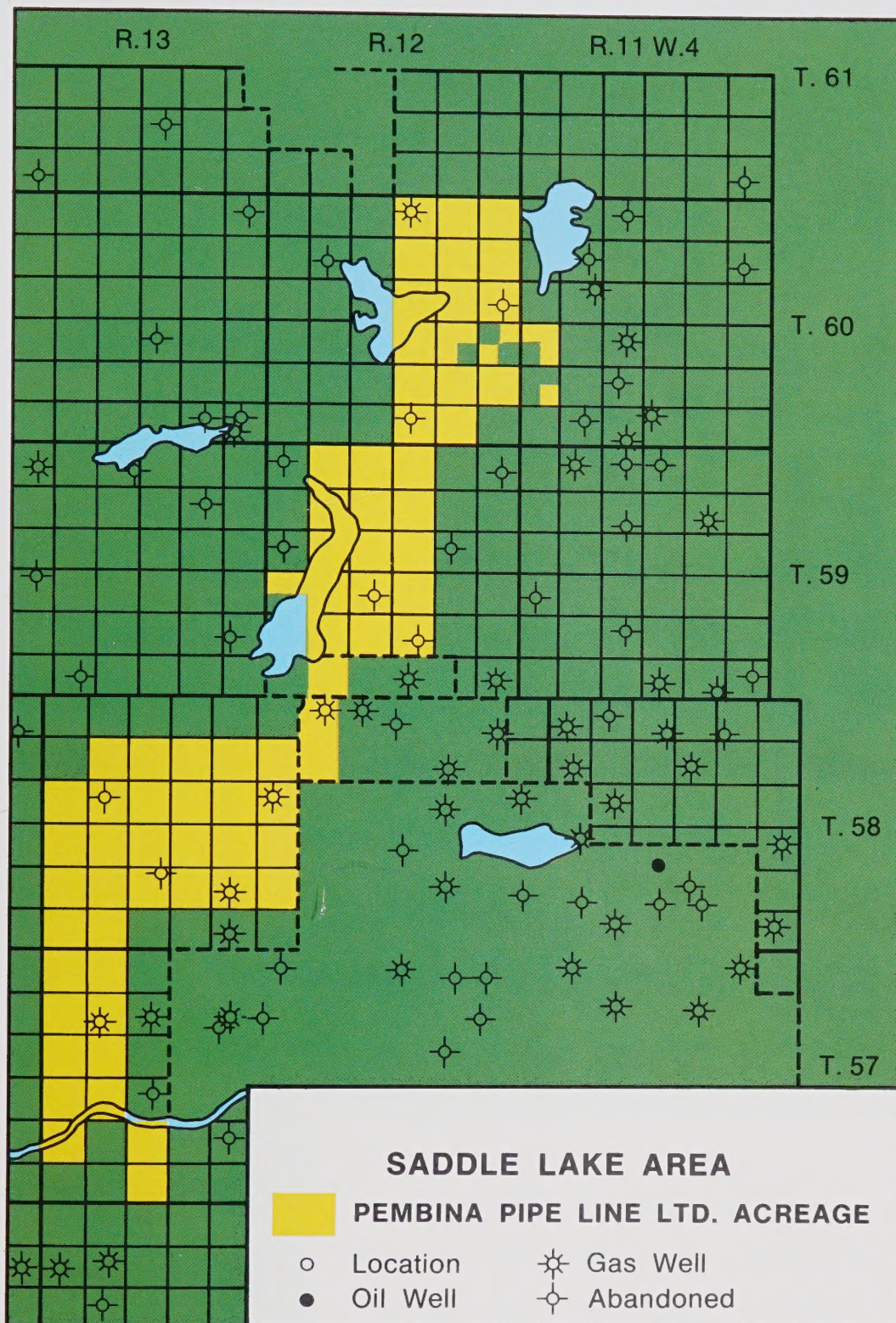
### Alberta

Your Company participated in fourteen exploratory wells in Alberta during 1974. Tests in the Medicine River area of Alberta resulted in dual zone gas and oil discoveries.

The Company has a promising oil discovery in the Majorville area of Southern Alberta. Two gas discoveries have also been made in this area and a development programme is planned.







Other areas of Alberta in which we participated in gas discoveries were at Lac La Biche, Saddle Lake, Westlock and Lombell.

#### Saskatchewan

Your Company did not conduct any exploration activity in this area in 1974.

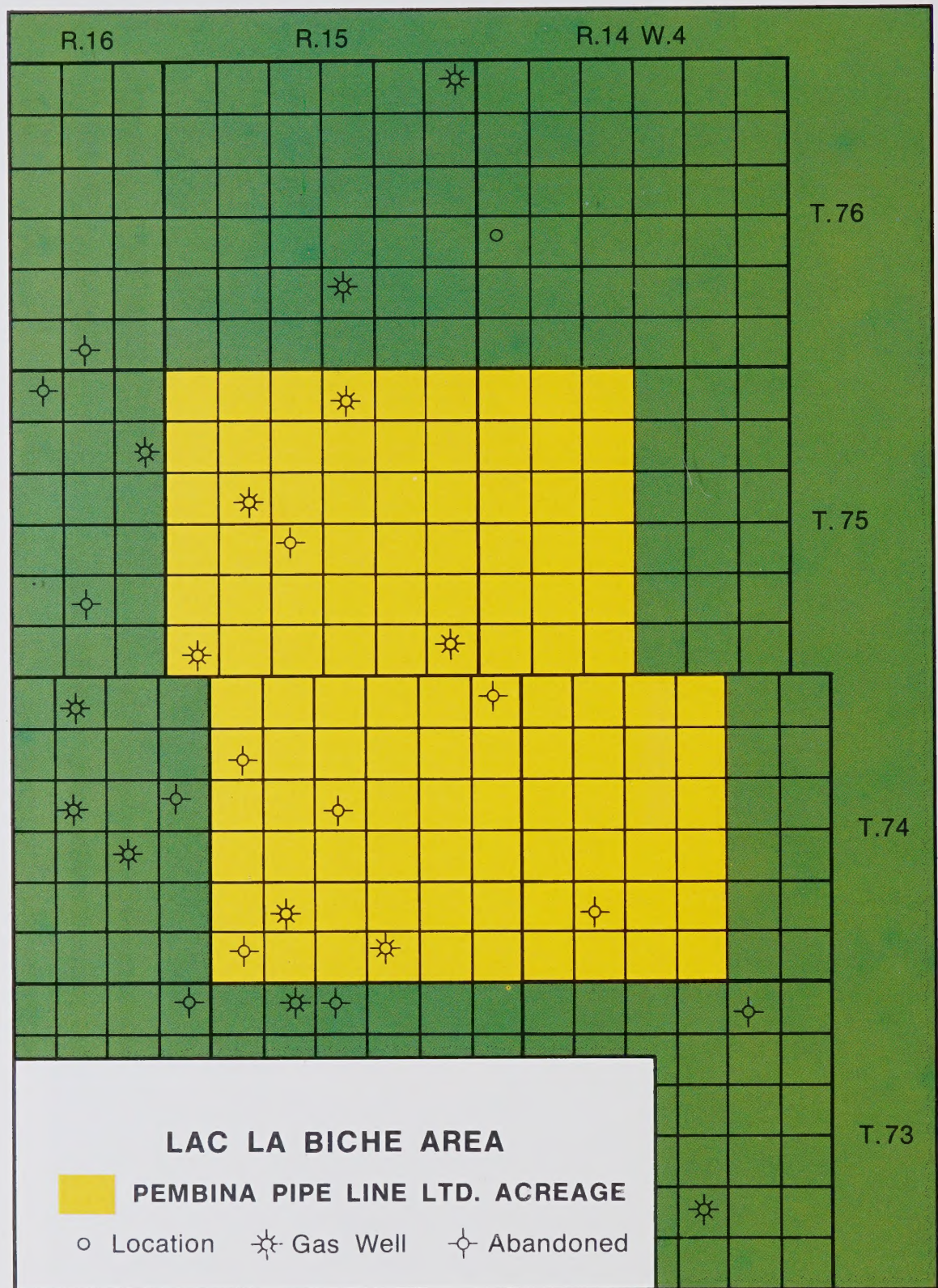
#### Yukon Territory

An exploratory test at Bell River in the Yukon Territory was abandoned.

#### Arctic Islands

The exploratory well, Sherwood P-37, located on the southern shores of Axel Heiberg Island was





abandoned. Encouraging gas shows were encountered but nothing of sufficient size to be considered commercially feasible.

Currently, Panarctic Oils Ltd. is drilling a well which offsets Pembina acreage on Banks Island. The well is known as Arctic Island Castel Bay.

#### Foreign

Pembina is a participant in a well which will be drilled in Louisiana, U.S. The Company is evaluating other Gulf Coast areas and also participating in geological studies in various countries.



## Consolidated Statement of Income

Year Ended December 31, 1974 (with comparative figures for 1973)

	1974	1973
Revenue:		
Revenue from operations . . . . .	\$14,546,961	14,466,181
Income from investments . . . . .	306,943	220,886
	14,853,904	14,687,067
Expenses:		
Operating . . . . .	3,972,717	3,608,375
Exploration, non-productive drilling and abandonments . . .	2,427,115	3,903,685
Interest on long term debt . . . . .	816,500	657,962
Other interest, net . . . . .	(256,799)	(42,051)
Amortization of goodwill . . . . .	21,785	24,354
Depreciation and depletion . . . . .	2,855,263	3,083,042
	9,836,581	11,235,367
Income before income taxes . . . . .	5,017,323	3,451,700
Income taxes (Note 4) :		
Current . . . . .	4,698,000	986,121
Deferred . . . . .	(1,512,000)	1,307,000
	3,186,000	2,293,121
Net income for the year . . . . .	\$ 1,831,323	1,158,579
Net income per common share . . . . .	19¢	11¢

See accompanying notes.



## Consolidated Balance Sheet

As at December 31, 1974 (with comparative figures for 1973)

Assets	1974	1973
FIXED ASSETS, AT COST:		
Investment in carrier property, land, leases, wells and other equipment . . . . .	\$75,023,825	78,636,086
Less accumulated depreciation, depletion and amortization . . . . .	29,632,036	26,875,647
	45,391,789	51,760,439
Operating oil supply . . . . .	577,151	577,151
	45,968,940	52,337,590
INVESTMENTS, AT COST:		
Bonds and shares of other companies . . . . .	238,654	181,119
CURRENT ASSETS:		
Cash . . . . .	18,208	13,556
Short term deposit receipts, at cost . . . . .	3,890,000	725,000
Accounts receivable:		
Trade accounts . . . . .	1,727,797	1,646,953
Other . . . . .	77,512	70,417
Materials and supplies, at cost . . . . .	25,785	27,766
Deposits and prepaid expenses . . . . .	87,978	84,907
	5,827,280	2,568,599
ASSETS HELD BY TRUSTEE (Note 3) . . . . .	4,395,090	—
OTHER:		
Gas Arctic-Northwest Project Study Group . . . . .	2,401,991	1,692,424
Goodwill and other intangibles, less amounts written off . . . . .	341,905	363,690
	2,743,896	2,056,114
	\$59,173,860	57,143,422

On behalf of the Board:

 , Director

 , Director



<b>Liabilities</b>	<b>1974</b>	<b>1973</b>
<b>LONG TERM DEBT:</b>		
Production loans less current portion (Note 2) . . . . .	\$ 5,791,820	6,791,660
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued charges . . . . .	783,329	1,074,546
Sinking fund payments due within one year, less preferred shares held by the company (Note 3) . . . .	—	54,630
Current income taxes payable . . . . .	3,809,286	502,694
Production loan payments due within one year . . . . .	1,000,000	1,000,000
	5,592,615	2,631,870
<b>DEFERRED TAXES ON INCOME (Note 4) . . . . .</b>	<b>1,844,000</b>	<b>3,356,000</b>
<b>Shareholders' Equity</b>		
<b>CAPITAL STOCK:</b>		
Second Preferred Shares (Note 3) . . . . .	4,395,090	4,695,090
Common Shares		
Class "A" non-voting shares of a par value of \$4.15 each		
Authorized: 12,000,000 shares		
Issued: 6,660,128 shares . . . . .	27,639,531	27,639,531
Class "B" voting shares of a par value of \$4.15 each		
Authorized: 4,000,000 shares		
Issued: 1,665,032 shares . . . . .	6,909,883	6,909,883
	38,944,504	39,244,504
<b>CAPITAL REDEMPTION RESERVE FUND . . . . .</b>	<b>1,450,000</b>	<b>1,150,000</b>
<b>RETAINED EARNINGS . . . . .</b>	<b>5,550,921</b>	<b>3,969,388</b>
	45,945,425	44,363,892
	\$59,173,860	57,143,422

See accompanying notes



## Consolidated Statement of Changes in Financial Position

Year Ended December 31, 1974 (with comparative figures for 1973)

	1974	1973
WORKING CAPITAL WAS PROVIDED FROM:		
Net income for the year . . . . .	\$1,831,323	1,158,579
Depreciation, depletion, amortization and abandonments . .	3,408,583	3,329,338
Deferred income taxes . . . . .	(1,512,000)	1,307,000
Provided from operations . . . . .	3,727,906	5,794,917
Production payment from producing properties . . . . .	5,241,850	4,792,837
Other items . . . . .	—	40,000
Total working capital provided . . . . .	8,969,756	10,627,754
WORKING CAPITAL WAS USED FOR:		
Net additions to carrier property, land, leases, wells and other equipment . . . . .	2,259,998	7,435,519
Investment in shares of other companies . . . . .	57,535	—
Expenditures as a Participant for Gas Arctic - Northwest Project Study Group . . . . .	709,567	702,987
Sinking fund payments . . . . .	—	300,000
Cash and preferred shares deposited with Trustee (Note 3) . . . . .	4,395,090	—
Production loan payments . . . . .	999,840	999,840
Dividends on Series "A" Second Preferred Shares . . . . .	249,790	273,563
Total working capital used . . . . .	8,671,820	9,711,909
Increase in working capital . . . . .	297,936	915,845
Working capital (deficit) beginning of year . . . . .	(63,271)	(979,116)
Working capital (deficit) end of year . . . . .	\$ 234,665	(63,271)

See accompanying notes.



## Consolidated Statement of Retained Earnings

Year Ended December 31, 1974 (with comparative figures for 1973)

	1974	1973
Retained earnings beginning of year . . . . .	\$3,969,388	3,384,372
Net income for the year . . . . .	1,831,323	1,158,579
	5,800,711	4,542,951
Deduct:		
Dividends on 6% cumulative redeemable Series "A"		
Second Preferred Shares . . . . .	249,790	273,563
Appropriation for redemption of Series "A"		
Second Preferred Shares (Note 3) . . . . .	—	300,000
	249,790	573,563
Retained earnings end of year . . . . .	\$5,550,921	3,969,388

See accompanying notes.



## Notes to Financial Statements

December 31, 1974

### 1. ACCOUNTING POLICIES

(a) **Principles of consolidation:**

Included in the consolidated statements are the accounts of all subsidiary companies, each of which is wholly owned.

(b) **Property, plant and equipment:**

All exploration costs and the carrying charges relative to unproven acreage are expensed as incurred. With regard to its oil and gas operations the company capitalizes only lease acquisition costs, production equipment and drilling costs applicable to productive wells. Lease acquisition costs are charged against income upon surrender and capitalized leasehold and drilling costs associated with producing properties are depleted by the unit of production method based on estimated proven oil and gas reserves. Depreciation of production equipment is computed on a straight line basis over the estimated useful lives of the assets.

Depreciation of the pipe line system assets is calculated on the unit of production method based upon estimated proven reserves of the fields served.

(c) **Income Taxes:**

See Note 4 for the Company's deferred income tax accounting policy and basis for reporting current income taxes.

### 2. PRODUCTION LOANS

Production loans consist of bank loans in the amount of \$6,791,820 which mature in 1981 and which bear interest at prevailing current rates being in the range of 10% to 12% during 1974. The required payments in each of the next five years are \$1,000,000. These loans are secured by certain of the Company's interests in petroleum and natural gas properties and an assignment of the interest in the gas purchase contracts applicable to the pledged natural gas interest.

### 3. SECOND PREFERRED SHARES

	1974	1973
6% cumulative redeemable Second Preferred Shares		
of a par value of \$30 each		
Authorized: 1,100,000 shares		
Issued: 156,503 (1973 — 166,503) Series "A" shares . . . . .	\$4,695,090	4,995,090
Less redeemed 10,000 shares . . . . .	300,000	300,000
	<u>\$4,395,090</u>	<u>4,695,090</u>

On January 1, 1975 the Company redeemed at par value of \$30 per share the whole of the outstanding Series "A" Second Preferred Shares. Preferred shares previously acquired by the Company and a sum sufficient to meet the redemption price on the balance of outstanding shares were deposited with the trustee on December 31, 1974.



#### 4. INCOME TAXES

For income tax purposes, the Company is entitled to claim drilling, exploration and lease acquisition costs and tax depreciation in amounts which may exceed the related provisions reflected in the accounts. As at the date of amalgamation, March 31, 1971, the Company had an investment in certain assets which exceeded amounts available for income tax purposes. The annual charges for depletion, depreciation and abandonments which relate to these assets (\$1,540,000; \$1,931,000 in 1973) are expenses which have not been deducted for current income taxes or included in the calculation of deferred taxes on income. Had the aforementioned charges for depletion, depreciation and abandonments been permitted in the computation of deferred taxes, the credit for deferred income taxes would be increased by \$550,000 (\$718,000 in 1973) and net income increased accordingly.

On November 18, 1974 the Canadian Government introduced budgetary proposals to amend the Income Tax Act. Certain of these amendments will be retroactive to May 7, 1974. Some of the provinces have announced proposals to provide reductions in the increased income taxes which would result from the federal tax amendments. The 1974 income taxes have been calculated on the basis of the proposed changes, both federal and provincial, with the result that the provision for income taxes has been increased by \$237,000 and the net income has been reduced by a corresponding amount of \$237,000 (3¢ per share).

#### 5. REMUNERATION OF DIRECTORS AND OFFICERS

The remuneration paid to Directors and Senior Officers of the Companies for the year ended December 31, 1974 was \$253,838 (\$231,930 in 1973).

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Pembina Pipe Line Ltd. and its subsidiaries as at December 31, 1974 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company and its subsidiaries as at December 31, 1974 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Peat, Marwick, Mitchell & Co.*

Calgary, Alberta  
March 12, 1975

Chartered Accountants



## Ten Year Review

	<u>1974*</u>	<u>1973*</u>	<u>1972*</u>	<u>1971*</u>	<u>1970*</u>	<u>1969</u>	<u>1968</u>	<u>1967</u>	<u>1966</u>	<u>1965</u>
<b>Financial</b>										
(in thousands of dollars)										
Gross revenue .....	\$ 14,854	14,687	13,465	13,703	12,208	10,146	8,950	8,109	7,478	7,455
Net flow of funds from operations ....	\$ 3,728	5,795	6,126	7,825	7,529	6,348	5,837	5,373	4,666	4,842
per common share** .....	\$ .42	.66	.70	.91	.87	3.78	3.47	3.19	2.76	2.94
Net income*** .....	\$ 1,831	1,159	2,233	3,252	3,143	2,518	1,735	1,478	1,428	1,472
per common share** .....	\$ .19	.11	.23	.36	.34	1.48	1.01	.85	.82	.86
Capital expenditures ..	\$ 2,260	7,436	4,663	7,493	7,774	3,034	9,867	3,452	3,540	5,465
Investment in fixed assets at year end — at cost .....	\$ 75,601	79,213	76,941	74,217	67,142	59,349	56,475	47,767	45,121	41,694
Long term debt less current maturities at year end .....	\$ 5,792	6,792	7,792	9,826	5,121	6,787	9,041	7,091	8,776	10,047
<b>Operations</b>										
<b>Pipe Line:</b>										
Average deliveries — barrels per day .....	133,597	148,255	157,241	164,937	155,469	130,590	120,970	117,120	114,430	118,270
Miles of line built in year .....	4	4	—	10	50	54	6	4	12	39
Miles of line at year end .....	1,053	1,049	1,045	1,045	1,035	985	931	925	921	909
<b>Oil and Gas:</b>										
Gross Production — Crude oil and natural gas liquids — barrels .....	1,016,429	1,197,980	1,183,416	1,128,552	1,110,031	967,724	698,544	358,697	240,674	145,983
Natural gas sales — billion cubic feet ...	8.01	8.81	8.89	8.51	5.56	5.31	4.98	5.11	4.21	3.77
Acreage at year end:										
Gross — acres .....	4,801,691	4,824,418	4,461,635	3,359,023	3,106,737	2,736,709	1,868,979	1,470,659	1,153,146	927,811
Net — acres .....	1,309,151	1,362,709	1,359,278	1,169,304	1,571,307	1,418,608	1,117,371	1,173,432	892,979	819,957
Wells drilled — gross ..	38	53	81	68	50	53	34	13	15	15
Wells net at year end:										
Oil .....	69	67	65	64	62	59	55	30	23	17
Gas .....	77	73	72	63	58	53	51	49	46	39

\* The information provided for 1970 and subsequent years is based on twelve months ending December 31, whereas the information pertaining to 1969 and prior years is based on a twelve month period ending November 30.

\*\* The net income and net flow of funds from operations per common share for 1970 and subsequent years are based on the share capital outstanding after giving effect to the amalgamation at March 31, 1971.

\*\*\*In 1968 a change was made in the method of accounting for deferred income tax credits.







